

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

APR 15 2004

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-03514A
Payson Water Co., Inc.
P. O. Box 82218
Bakersfield CA 93380



ANNUAL REPORT

FOR YEAR ENDING

12	31	2003
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FOR COMMISSION USE

Ann04	03
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COMPANY INFORMATION

Company Name (Business Name) <u>PAYSON WATER COMPANY, INC.</u>		
Mailing Address <u>P.O. BOX 82218</u>		
(Street)		
<u>BAKERSFIELD</u>	<u>CA</u>	<u>93380</u>
(City)	(State)	(Zip)
<u>800-270-6084 or 661-633-7546</u> <u>800-748-6981</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>customerservice@scwater.com or mistiej@brookeutilities.com</u>		
Local Office Mailing Address <u>1010 SOUTH STOVER ROAD</u>		
(Street)		
<u>PAYSON</u>	<u>AZ</u>	<u>85541</u>
(City)	(State)	(Zip)
<u>928-474-8130</u> <u>928-474-1695</u>		
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>deans@brookeutilities.com</u>		

MANAGEMENT INFORMATION

Management Contact: <u>ROBERT T. HARDCASTLE</u>			<u>PRESIDENT</u>
(Name)			(Title)
<u>P.O. BOX 82218</u>	<u>BAKERSFIELD</u>	<u>CA</u>	<u>93380</u>
(Street)	(City)	(State)	(Zip)
<u>661-633-7526</u> <u>800-748-6981</u>			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>rth@brookeutilities.com</u>			
On Site Manager: <u>DEAN SHAFFER</u>			
(Name)			
<u>1010 SOUTH STOVER ROAD</u>	<u>BAKERSFIELD</u>	<u>CA</u>	<u>93380</u>
(Street)	(City)	(State)	(Zip)
<u>928-474-8130</u> <u>928-474-1695</u>			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>deans@brookeutilities.com</u>			

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: ROBERT T HARDCASTLE
(Name)
P.O. BOX 82218 BAKERSFIELD CA 93380
(Street) (City) (State) (Zip)

661-633-7526 800-748-6981
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: JAY SHAPIRO W/ FENNEMORE CRAIG
(Name)

3003 N. CENTRAL AVE. STE 2600 PHOENIX AZ 85012
(Street) (City) (State) (Zip)

602-916-5000 602-916-5566
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input checked="" type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME: PAYSON WATER COMPANY, INC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization	300	223	77
302	Franchises			
303	Land and Land Rights	22,391	10,596	11,795
304	Structures and Improvements	194,352	107,408	86,944
307	Wells and Springs	340,366	184,006	156,360
311	Pumping Equipment	175,274	76,085	99,189
320	Water Treatment Equipment	13,203	3,362	9,841
330	Distribution Reservoirs and Standpipes	359,495	126,188	233,307
331	Transmission and Distribution Mains	596,696	308,366	288,330
333	Services	109,497	63,676	45,821
334	Meters and Meter Installations	215,623	67,623	148,000
335	Hydrants	1,589	324	1,265
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	409,889	228,770	181,119
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	6,793	1,059	5,734
346	Communication Equipment	3,417	51	3,366
347	Miscellaneous Equipment			
348	Other Tangible Plant	495	62	433
	TOTALS	2,449,380	1,177,799	1,271,581

This amount goes on the Balance Sheet Acct. No.108

COMPANY NAME: PAYSON WATER COMPANY, INC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	300	2.76%	8
302	Franchises			
303	Land and Land Rights	22,391	3.12%	699
304	Structures and Improvements	194,352	3.20%	6,218
307	Wells and Springs	340,366	3.19%	10,847
311	Pumping Equipment	175,274	3.08%	5,400
320	Water Treatment Equipment	13,203	3.05%	403
330	Distribution Reservoirs and Standpipes	359,495	3.11%	11,176
331	Transmission and Distribution Mains	596,696	3.12%	18,631
333	Services	109,497	3.14%	3,443
334	Meters and Meter Installations	215,623	2.94%	6,350
335	Hydrants	1,589	3.20%	51
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	409,889	3.20%	13,116
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	6,793	3.20%	217
346	Communication Equipment	3,417	1.49%	51
347	Miscellaneous Equipment			
348	Other Tangible Plant	495	3.20%	16
	TOTALS	2,449,380	3.13%	76,627

This amount goes on Comparative Statement of Income and Expense
Acct. No.403.

COMPANY NAME: PAYSON WATER COMPANY, INC

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ -	\$ -
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	17,597	23,280
146	Notes/Receivables from Associated Company		
151	Plant Materials and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	(730)	(730)
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 16,866	\$ 22,550
	FIXED ASSETS		
101	Utility Plant in Service	\$ 2,386,949	\$ 2,449,380
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(1,120,422)	(1,177,799)
121	Not-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 1,266,527	\$ 1,271,581
	DEFERRED INCOME TAX DEBITS	\$ 516,000	\$ 516,000
	TOTAL ASSETS	\$ 1,799,394	\$ 1,810,131

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME: PAYSON WATER COMPANY, INC

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 10,583	\$ 10,007
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Company	251,623	202,120
235	Customer Deposits	26,173	29,027
236	Accrued Taxes	13,802	13,290
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	17,703	17,703
	TOTAL CURRENT LIABILITIES	\$ 319,884	\$ 272,147
	LONG-TERM DEBT (Over 12 Months)		
224	Long-term Notes and Bonds	\$ 69,510	\$ 41,988
	Deferred Credits		
251	Unamortized Premium on Debt		
	Refundable Meter Advances	\$ 74,246	\$ 80,117
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	883,744	883,744
272	Less: Amortization of Contributions	(330,104)	(358,384)
281	Accumulated Deferred Income Taxes		
	TOTAL DEFERRED CREDITS	\$ 627,885	\$ 605,477
	TOTAL LIABILITIES	\$ 1,017,279	\$ 919,612
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 646,630	\$ 646,630
211	Paid In Capital in Excess of Par Value	364,385	364,385
215	Retained Earnings	(228,900)	(120,496)
218	Proprietary Capital (Sole Props & Partnerships)		
	TOTAL CAPITAL	\$ 782,115	\$ 890,519
	TOTAL LIABILITIES AND CAPITAL	\$ 1,799,394	\$ 1,810,131

COMPANY NAME: PAYSON WATER COMPANY, INC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 464,536	\$ 476,233
460	Unmetered Water Revenue		
474	Other Water Revenues	11,525	18,157
	TOTAL REVENUES	\$ 476,060	\$ 494,390
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 117,997	\$ 99,646
610	Purchased Water	13,042	12,773
615	Purchased Power	36,847	34,522
618	Chemicals	604	3,137
620	Repairs & Maintenance	144	98
621	Office Supplies and Expense		
630	Outside Services	35,049	40,472
635	Water Testing	16,336	10,455
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	8,767	9,545
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	31,532	39,178
403	Depreciation Expense	74,147	76,627
408	Taxes Other Than Income	29,551	30,320
408.11	Property Taxes	23,435	22,328
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 387,451	\$ 379,100
	OPERATING INCOME/(LOSS)	\$ 88,610	\$ 115,290
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(9,355)	(6,886)
	TOTAL OTHER INCOME/EXPENSE	\$ (9,355)	\$ (6,886)
	NET INCOME/(LOSS)	\$ 79,255	\$ 108,404

COMPANY NAME: PAYSON WATER COMPANY, INC
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SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN # 1	LOAN # 2	LOAN # 3	LOAN # 4
Date Issued	5/1/2000			
Source of Loan	Brooke Utilities			
ACC Decision No.	see below (1)			
Reason for loan	see below (2)			
Dollar Amount Issued	\$ 130,600			
Amount Outstanding	\$ 41,988			
Date of Maturity	4/30/2005			
Interest Rate	10%			
Current Year Interest	\$ 5,777			
Current Year Principal	\$ 27,522			

Meter Deposit Balance at Test Year End \$ 80,117

Meter Deposits Refunded During the Test Year \$ 11,889

(1) From C&S Water	ACC Decision # 62320	\$25,200
From United Utilities	ACC Decision # 62401	<u>\$105,400</u>
		\$130,600

(2) The purpose of the loan was to finance capital expenditure project to improve water system infrastructures.

COMPANY NAME	PAYSON WATER COMPANY, INC.
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WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
SEE ATTACHED PAGE 9A						

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
SEE ATTACHED PAGE 9B		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
SEE ATTACHED PAGE 9B		SEE ATTACHED PAGE 9B	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
SEE ATTACHED PAGE 9B		SEE ATTACHED PAGE 9B	

Company Name

PAYSON WATER CO., INC.

WATER COMPANY PLANT DESCRIPTION

Wells

ADWR ID	PUMP	PUMP	CASING	CASING	METER	YEAR
NO.	HP	YEILD(GPM)	DEPTH (ft)	Diameter (inches)	SIZE (INCHES)	DRILLED
55-621336	1	6.0	155.0	6"	8-May	1965
55-515318	2	15.0	200.0	6"	3 /4	1988
55-605247	2	25.0	100.0	8"	3 /4	1960
55-519703	2	13.0	200.0	6"	3 /4	1980
55-538696	1.5	4.0	300.0	6"	2	U/A
55-501381	1 1/2	5.0	105.0	6"	5/8	1981
55-621332	1	10.0	190.0	8"	3 /4	1958
55-621335	1 /2	5.0	165.0	8"	3 /4	1955
55-518599	2	21.0	100.0	6"	1	1987
55-631113	5	12.0	550.0	6"	3 /4	1977
55-500270	2	5.0	450.0	6"	3 /4	1981
55-801698	2	5.0	400.0	6"	3 /4	U/A
55-801699	1	5.0	200.0	6"	3 /4	1973
55-631112	1	5.0	250.0	6"	3 /4	1973
55-513409	3	10.0	408.0	6"	3/ 4	1986
55-556148	2	18.0	400.0	6"	3/4	1996
55-631115	1	12.0	150.0	5"	3 /4	1980
55-644405	2	4.0	20.0	8"	3 /4	U/A
55-621334	2	30.0	50.0	8"	2	1960
55-621333	1	15.0	100.0	6"	3 /4	1965
55-086809	2	9.0	240.0	6"	3 /4	1985
55-512278	5	30.0	280.0	6"	1	1985
55-645162		85.0	52.0	6"	2	U/A

Company Name

PAYSON WATER CO., INC.

WATER COMPANY PLANT DESCRIPTION Continued

OTHER WATER SOURCES

Name or	Capacity	Gallons Purchased or
<u>Decsription</u>	<u>(gpm)</u>	<u>Obtained (in thousands)</u>
Aggregate Annual Water Sharing Agreements		17,486

Booster Pumps		Fire Hydrants	
Horsepower	Quantity	Qty Standard	Quantity Other
3 HP	2	24	none
5HP	12		
7/5 HP	6		
1 /2 HP	1		
2	1		
10	1		
15 HP	1		

Storage Tanks	
Capacity	Quantity
8,000	1
10,000	3
12,000	1
15,000	3
20,000	1
30,000	1
40,000	1
60,000	1
125,000	1
160,000	1

Pressure Tanks	
Capacity	Quantity
350	4
500	1
1,000	2
1,500	1
2,000	7
5,000	2
30	1

PAYSON WATER CO., INC.

MAINS

SIZE <u>(inches)</u>	<u>Material</u>	Length <u>(in feet)</u>
3 /4	PVC	1,200
1.5	PVC	214
2"	PVC	18,390
2"	C900	1,200
2"	Galv.	12,100
2"	ABS	3,300
3"	PVC	7,810
3"	ABS	2,510
4"	PVC	29,840
4"	AC	79,760
4"	C900	2,900
5"	none	0
6"	C900	10,440
6"	PVC	10,800
6"	AC	2,400
8"	C900	6,360
8"	DIP	240
8"	PVC	1,260
10"	None	0.0
12"	None	0.0

SIZE	Quantity
(Inches)	
5/8 x 3/4	1,427
3 / 4	0
1	51
1 1/2	1
2	0
Comp 3	2
Turbo 3	0
Comp 4	0
Turbo 4	0
Comp 6	0
Turbo 6	0
Total Connections	1,481

Treatment Equipment:

Chlorinator(s)	7
Sand Filter	1

3271 L.F. Fencing

1- 16' x 24' Wood building	7- 8' x 8' Block building
1- 12' x 14' Wood building	1- 8' 6" x 18' 6" wood building
1- 16' x 30' Wood building	

Other: None

COMPANY NAME: PAYSON WATER COMPANY, INC.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2003

MONTH	NUMBER OF CUSTOMERS ¹	GALLONS SOLD ³	GALLON PUMPED (Thousands) ²
JANUARY	4,011	4,231	4,052
FEBRUARY	4,062	4,230	3,441
MARCH	4,059	4,020	3,311
APRIL	4,083	5,193	3,719
MAY	4,074	6,002	7,695
JUNE	4,128	9,575	8,573
JULY	4,161	12,334	8,958
AUGUST	4,113	8,879	6,923
SEPTEMBER	4,116	7,793	5,922
OCTOBER	4,098	6,448	6,233
NOVEMBER	4,089	6,370	4,178
DECEMBER	4,107	4,448	4,410
TOTAL		N/A	67,415

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (x) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (x) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. SEE PG 11a _____ mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

Note 1: number of active meter connections x 3

Note 2: gallons pumped from Payson Water Co.-owned wells only

Note 3: gallons sold (and number of customers) includes meter used and water purchased by Pine Water Co. Pine purchased 378,800 gallons of water from Payson Water during the 2003 calendar year

Company Name	Payson Water Co., Inc
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WATER USE DATA SHEET BY MONTH FOR CALENDAR
YEAR 2003 *CONTINUED*

ARSENIC

ADWR ID	ARSENIC LEVEL FOR
<u>NO.</u>	<u>EACH WELL TESTED FOR IOCs</u>
	<u>IN 2003</u>
55-621336	not an IOC test year
55-515318	not an IOC test year
55-605247	not an IOC test year
55-519703	not an IOC test year
55-538696	not an IOC test year
55-501281	not an IOC test year
55-621332	not an IOC test year
55-621335	not an IOC test year
55-518599	not an IOC test year
55-631113	not an IOC test year
55-500270	not an IOC test year
55-801698	not an IOC test year
55-801699	not an IOC test year
55-631112	not an IOC test year
55-513409	not an IOC test year
55-556148	not an IOC test year
55-631115	not an IOC test year
55-644405	not an IOC test year
55-621334	not an IOC test year
55-621333	not an IOC test year
55-086809	not an IOC test year
55-512278	not an IOC test year
55-645162	not an IOC test year

COMPANY NAME PAYSON WATER CO., INC. YEAR ENDING 12/31/2003

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2003 was: \$ 22,880.43

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

2-2002 35180 35181 35184 35196 35197 35199 35200 35201 35203 35205 16256
 Payson Water Company, Inc
 P.O. Box 82218
 Bakersfield, CA 93380-2218
 BANK OF AMERICA
 1440 TRUXTUN AVENUE
 BAKERSFIELD, CA 93301
 16-66
 1220
 35206 35217
 CHECK NO.

***** Eleven Thousand Six Hundred Sixty-Seven and 13/100 *****

DATE
 Apr 7 03
 AMOUNT
 \$11,667.13

GILA COUNTY TREASURER
 P.O. BOX 1093
 GLOEE, AZ
 85502

⑈016256⑈ ⑆122000661⑆ 14769⑈01525⑈ ⑈0001166713⑈

11,667.13

11,213.30

002

22,880.43

04/16/03 LA CA
 122000661

E5393 948 00013815040

7360043056

CALLING CARD
 11119013314
 04152003

53518980

APR 11 2003

11667.13
 11213.30
 22880.43

PAY TO THE ORDER OF
 BANK ONE, ARIZONA, N.A.
 PHOENIX, ARIZONA
 122100024
 FOR DEPOSIT ONLY
 GILA COUNTY TREASURER
 11804047 7

7-26252 1/2 35363 35364 35367 35379 35380 35382 35383
 Payson Water Company, Inc 35384 35385 35386 35388 35389
 P.O. Box 82218
 Bakersfield, CA 93380-2218

BANK OF AMERICA
 1440 TRUXTON AVENUE
 BAKERSFIELD, CA 93301

17183

CHECK NO.

16-66
 1220

11213³⁰

***** Eleven Thousand Two Hundred, Thirteen and 30/100 *****

DATE

AMOUNT

Oct 15 03

\$11,213.30

PAY
 TO THE
 ORDER
 OF

GILA COUNTY TREASURER
 P.O. BOX 1093
 GLOBE, AZ
 85502

James

⑈017183⑈ ⑆122000661⑆ 14769⑈01525⑈

⑈0001121330⑈

10/20/03 LA CA
 122000661 06

E5358 530 67100048689
 5460582307

Oct 17 03

BANK ONE, N.A.
 11119013314
 10172003

53776432

6052

68694

PAY TO THE ORDER OF
 BANK ONE, ARIZONA, NA
 PHOENIX, ARIZONA
 12210004
 FOR DEPOSIT ONLY
 GILA COUNTY TREASURER
 11304017

COMPANY NAME PAYSON WATER COMPANY, INC. YEAR ENDING 12/31/2003

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 108,404
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 108,404
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4-1-04
DATE

ROBERT T. HARDCASTLE
PRINTED NAME

PRESIDENT
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 15 2004

VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	KERN
NAME (OWNER OR OFFICIAL) TITLE	ROBERT T. HARDCASTLE PRESIDENT
COMPANY NAME	PAYSON WATER COMPANY, INC.

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:



Arizona IntraState Gross Operating Revenues Only (\$)

\$ 494,390

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 30,320
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 9th DAY OF

(SEAL)

MY COMMISSION EXPIRES June 15, 2005

SIGNATURE OF OWNER OR OFFICIAL

(661) 633-7526

TELEPHONE NUMBER

COUNTY NAME

Kern County

MONTH

April

2004

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

APR 15 2004

VERIFICATION

STATE OF CALIFORNIA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) KERN	
NAME (OWNER OR OFFICIAL) ROBERT T. HARDCASTLE	TITLE PRESIDENT
COMPANY NAME PAYSON WATER COMPANY, INC.	

ARIZONA CORPORATION COMMISSION
DIRECTOR OF UTILITIES

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

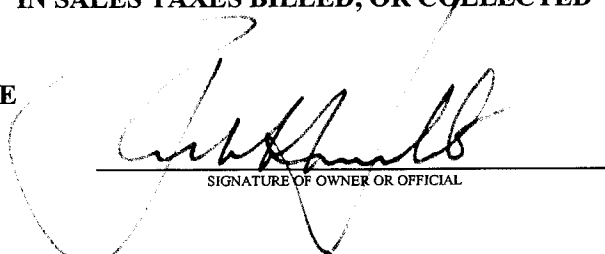
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2003 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 472,997

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 29,785
IN SALES TAXES BILLED, OR COLLECTED

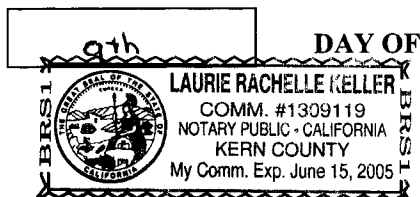
*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

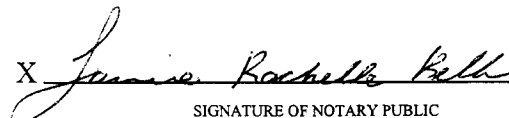
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



June 15, 2004

NOTARY PUBLIC NAME Laurie Rachelle Keller	
COUNTY NAME Kern County	
MONTH April	2004

X 
SIGNATURE OF NOTARY PUBLIC